Form **8861**

Department of the Treasury
Internal Revenue Service

Welfare-to-Work Credit

▶ **Attach to your tax return.**

OMB No. 1545-1569

2005

Attachment
Sequence No. **107**

Name(s) shown on return

Identifying number

Part I	**Current Year Credit**		
1	Enter on the applicable line below the qualified first- or second-year wages paid or incurred during the tax year and multiply by the percentage shown for services of employees who began work for you before January 1, 2006, and are certified as long-term family assistance recipients. Members of a controlled group, see instructions.		
a	Qualified first-year wages . . . . $ .... × 35% (.35)	**1a**	
b	Qualified second-year wages . . . . $ .... × 50% (.50)	**1b**	
2	Add lines 1a and 1b. You **must** subtract this amount from your deduction for salaries and wages	**2**	
3	Welfare-to-work credits from pass-through entities:	**3**	
4	**Current year credit.** Add lines 2 and 3. (S corporations, partnerships, estates, trusts, cooperatives, regulated investment companies, and real estate investment trusts, see instructions.)	**4**	

Line 3 table:

If you are a—	Then enter the total of the credits from—
a Shareholder .	Schedule K-1 (Form 1120S), box 13, code F, G, or K
b Partner . . .	Schedule K-1 (Form 1065), box 15, code F, G, or K
c Beneficiary .	Schedule K-1 (Form 1041), box 13, code G . . .
d Patron . . .	Written statement from cooperative . . . . .

Part II	**Allowable Credit** (See **Who must file Form 3800** to find out if you complete Part II or file Form 3800.)			
5	Regular tax before credits: • Individuals. Enter the amount from Form 1040, line 44 . . . . • Corporations. Enter the amount from Form 1120, Schedule J, line 3; Form 1120-A, Part I, line 1; or the applicable line of your return . . . . • Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and 1b, or the amount from the applicable line of your return		**5**	
6	Alternative minimum tax: • Individuals. Enter the amount from Form 6251, line 35 . . . . • Corporations. Enter the amount from Form 4626, line 14 . . . . • Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56		**6**	
7	Add lines 5 and 6		**7**	
8a	Foreign tax credit	**8a**		
b	Credits from Form 1040, lines 48 through 54	**8b**		
c	Possessions tax credit (Form 5735, line 17 or 27)	**8c**		
d	Nonconventional source fuel credit (Form 8907, line 23)	**8d**		
e	Other specified credits (see instructions)	**8e**		
f	Add lines 8a through 8e.		**8f**	
9	Net income tax. Subtract line 8f from line 7. If zero, skip lines 10 through 13 and enter -0- on line 14 . .		**9**	
10	Net regular tax. Subtract line 8f from line 5. If zero or less, enter -0-	**10**		
11	Enter 25% (.25) of the excess, if any, of line 10 over $25,000 (see instructions)	**11**		
12	Tentative minimum tax (see instructions): • Individuals. Enter the amount from Form 6251, line 33 . . . . • Corporations. Enter the amount from Form 4626, line 12 . . . • Estates and trusts. Enter the amount from Form 1041, Schedule I, line 54	**12**		
13	Enter the greater of line 11 or line 12		**13**	
14	Subtract line 13 from line 9. If zero or less, enter -0-		**14**	
15	**Credit allowed for the current year.** Enter the **smaller** of line 4 or line 14 here and on Form 1040, line 55; Form 1120, Schedule J, line 6d; Form 1120-A, Part I, line 2; Form 1041, Schedule G, line 2c; or the applicable line of your return. If line 14 is smaller than line 4, see instructions		**15**	

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